

StanChart brings new credit card with attractive benefits

Senior official says prospects of retail banking bright in Bangladesh

MD FAZLUR RAHMAN

STANDARD Chartered has launched a new credit card in Bangladesh to provide customers with a host of attractive benefits, including instant cash-back.

The London-based bank introduced the Standard Chartered Titanium credit card from MasterCard at a programme in Dhaka on Thursday. The bank made the official announcement yesterday.

The cardholders will get an automatic cash-back of 7.5 percent on grocery bills, 5 percent on the spending at hotels and restaurants, and 2 percent on all other purchases, including those bought online.

In a full year, a cardholder can earn up to Tk 24,000 in cash-back with an annual fee of Tk 5,000.

Besides, cardholders will enjoy discounts at 15,000 merchant outlets, including hotels, restaurants, spas and medical centres in Singapore, Thailand, Indonesia, Malaysia, Hong Kong and Brunei, thanks to Standard Chartered Bangladesh's cross-border deals in those markets.

The cardholders will get free access to Balaka lounge at Hazrat Shahjalal International Airport and be entitled to existing discounts and benefits and an insurance coverage of Tk 10 lakh.

All existing credit cardholders of the bank can keep their cards and sign up for the Titanium cards at only Tk 2,000, and supplementary cards for their spouses at Tk 1,000.

"The card is the next stage of evolution and another innovation for the Bangladesh market," said Aditya Mandloi, head of retail banking for the bank in Bangladesh. "This will give customers instant gratification and offer something



Aditya Mandloi

for everyone."

He hopes the new card would boost the bank's retail banking business in Bangladesh where the bank has 110,000 credit cardholders, with a 23 percent market share in cards outstanding.

In an interview with The Daily Star last week, Mandloi said Bangladesh's retail banking segment offers tremendous opportunities for banks on the back of steady economic growth of the country and a large youth population.

"One of the biggest opportunities in Bangladesh is in the retail space," he said, adding that bank focuses more on the segment.

Mandloi, who has more than 18 years of experience in the bank, said he is posi-

itive about the country's growth prospects. Bangladesh's economy will continue to grow at a higher rate, irrespective of turbulence in the global markets, he said. The ongoing infrastructure projects will further accelerate growth, he added.

"We are bringing in more and more innovations. We are investing more and more. We are looking to grow as the economy grows. We are very bullish about the country."

He said the entire wealth management aspect will evolve and emerge in a strong manner, encompassing the investment services and insurance.

He said insurance penetration against risks is very minimal now, but it can evolve in Bangladesh.

"If that happens, you will have a very robust sector," he said, adding that the role of banks will be that of distribution agents for insurance companies.

Mandloi said evolution of the stockmarket and mutual fund industry and the availability of wealth management products will emerge as a boost for retail banking.

He said the bank has a very strong base in Bangladesh, thanks to its presence in the market for 111 years. The lower cost of deposits helps the bank offer attractive rates of interest to customers for all retail products.

Its interest rate for retail products, such as home loans, auto loans or personal loans, is the lowest in the market, he said.

The Asia-focused bank rolled out credit cards in Bangladesh 20 years ago -- the first bank to do so. Within this realm, it was the first to introduce reward point schemes and easy payment schemes here as well. The Titanium card is chip-based, which is a more secure security feature.

The bank has rolled out the migration to chip cards for the existing cardholders and plans to bring all cardholders under the chip-based system within this year.

In Bangladesh, retail banking is an emerging field, while most banks are focused on corporate and SME sectors. These banks are now gearing for retail banking, he said.

In the West, many cardholders have defaulted on their payments in recent times of financial crisis. But Mandloi said the Bangladesh market has not seen such a credit crisis.

He said the number of online transactions is still very low across the industry, which will slowly go up.

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Uber deal signals more aggressive Saudi investment drive

AFP, Riyadh

Saudi Arabia's surprisingly high-profile injection of \$3.5 billion into Uber signals a more aggressive global investment presence by a kingdom trying to wean its economy off oil.

San Francisco-based Uber, a smartphone app that connects passengers and drivers around the world, said on Wednesday the funding from Saudi Arabia's Public Investment Fund would help Uber's global expansion.

The PIF acted roughly six weeks after Deputy Crown Prince Mohammed bin Salman announced a wide-ranging plan to transform the kingdom's oil-dependent economy.

At the heart of the Vision 2030 plan is a revamped PIF. "Like many, I am caught off guard by this massive investment in Uber," said Michael Maduell, president of the US-based Sovereign Wealth Fund Institute which studies public investment funds.

"However, it telegraphs to the world that Saudi Arabia will be a major player when it comes to sovereign wealth fund investing in the future."

Vision 2030 aims to turn the PIF into the world's largest state investment fund, with \$2 trillion in assets.

These would include proceeds from the sale of state-owned real estate and other property, as well as roughly \$100 billion from a share offer for less than five percent of state oil firm Saudi Aramco.

Profits from the investment fund would help economic diversification and provide an alternative to oil revenues that have fallen by about half since 2014. The collapse has accelerated Saudi efforts to move away from petroleum which still accounts for the bulk of government income.

"The Public Investment Fund will not compete with the private sector, but instead help unlock strategic sectors requiring intensive capital inputs," Vision 2030 says. "This will contribute towards developing entirely new economic sectors and establishing durable national corporations."

Wartsila to supply power equipment to United

FROM PAGE B1

The equipment will be delivered in late 2016, and the plants are scheduled to be fully operational in early 2017.

Wartsila is a global leader in advanced technologies and complete lifecycle solutions for the marine and energy markets. Its installed base is 60GW in 176 countries.

NY Fed first rejected cyber-heist transfers, then moved \$81m

REUTERS, Dhaka/New York

HOURS before the Federal Reserve Bank of New York approved four fraudulent requests to send \$81 million from a Bangladesh Bank account to cyber thieves, the Fed branch blocked those same requests because they lacked information required to transfer money, according to two people with direct knowledge of the matter.

On the day of the theft in February, the New York Fed initially rejected 35 requests to transfer funds to various overseas accounts, a New York Fed official and a senior Bangladesh Bank official told Reuters. The Fed's decision to later fulfill a handful of resubmitted requests raises questions about whether it missed red flags.

The New York arm of the U.S. central bank initially denied the transfer requests because they lacked proper formatting for the SWIFT messaging system, the network banks use for international financial transfers, the two officials said.

The Bangladesh Bank official said they lacked the names of correspondent banks, which typically receive wired funds. The Fed rejected the requests, which came from hackers who had broken into the SWIFT network through Bangladesh Bank systems.

Later in the day, however, the cyber thieves resubmitted those 35 requests. On the second try, the messages had the proper formatting, the New York Fed official said. The requests had been

authenticated by SWIFT, the first line of defense against fraudulent wire transfers.

Despite the technical compliance, the New York Fed rejected 30 of the requests a second time. But the Fed did approve five requests -- for a total of \$101 million. Later, one of those five transfers -- a \$20 million request -- was reversed because of a misspelling.

The New York Fed has said it blocked the 30 resubmitted requests because they were flagged for economic sanctions review. Only afterward were they deemed potentially fraudulent.

The Bangladesh Bank official and another source close to the bank said the New York Fed should have rejected all the requests on both the first and second attempts.

The source close to the bank, who also had direct knowledge of the matter, said anomalies in the four transfers that ultimately went through should have raised questions at the New York Fed. They were paid to individual recipients, a rarity for Bangladesh's central bank, and the false names on the four approved withdrawals also appeared on some of the 30 resubmitted requests rejected by the bank, said the source close to the Bangladesh Bank.

"Of course, we asked the Fed why the repetition of the names did not create red flags," the source said.

"They are saying they rejected 35 badly submitted ones," the source said. But when the requests were re-submitted, they "paid 5 of them and stopped 30. Why?"

They can give no answer."

Bangladesh Bank and SWIFT declined to comment. The New York Fed has said there were no problems with its procedures for approving SWIFT fund transfers, and declined to comment on whether it missed any warning signs.

The cyber theft from Bangladesh's central bank -- and recent disclosures of other similar fraud attempts -- have brought scrutiny on the SWIFT messaging system. SWIFT is a cooperative of global banks formally known as the Society for Worldwide Interbank Financial Telecommunication, and its transaction system was used as a conduit for one of the largest cyber bank heists in history.

In the United States, a congressional committee has launched a probe into the New York Fed's role in the bank heist. The Bangladeshi central bank might seek compensation for the funds from the Federal Reserve, and Bangladesh Bank police have said that recent installation of a new SWIFT settlement system at the bank last fall may have provided thieves an opportunity to gain access to the bank's SWIFT servers.

The New York Fed's reviews of payment requests that come over the SWIFT system are focused chiefly on guarding against money laundering and transfers to people and entities that are under U.S. government sanctions, Fed officials have said. But requests often also are temporarily halted to fix typos and other formatting problems.

The Fed branch has said its clients, including Bangladesh Bank, and SWIFT have primary responsibility for preventing unauthorized transfers.

Fed employees queried Bangladesh Bank about the purpose of the payments requested on Feb. 4 and again on Feb. 5, according to a letter to congresswoman Carolyn Maloney (D-NY) by New York Fed General Counsel Thomas Baxter.

The four transfers totaling \$81 million went to accounts in the Philippines. The money wound up with casinos and casino agents and remains missing. An attempt to transfer \$20 million to a foundation in Sri Lanka was reversed because the word "foundation" was misspelled.

The source close to Bangladesh Bank said questions about the anomalies in the approved requests were discussed at a meeting in Basel last month between New York Fed President William Dudley, Bangladesh Bank Governor Fazle Kabir and representatives from SWIFT.

Rep. Maloney and Tom Carper, the top Democrat on the Senate Homeland Security Committee, both have made inquiries to the New York Fed.

The House Science Committee informed the New York Fed in a letter this week that it is launching a probe into its handling of the transfer requests. The committee plans to examine the New York Fed's response to the heist, the oversight of SWIFT, and whether additional measures are needed to address vulnerabilities to cyber attacks.

Prime Bank re-elects chairman

STAR BUSINESS DESK

Azam J Chowdhury has recently been reelected as the chairman of Prime Bank for the next two years with effect from June 1 this year.

Chowdhury is the chairman of East Coast Group, a conglomerate focused on energy business for more than three decades.

He is also the chairman of the Consolidated Tea and Lands Company Bangladesh Ltd and Bangladesh Trade Syndicate Ltd, an associate of TNT Global Express Company.

Chowdhury is the managing director of MJL Bangladesh Ltd, a director of Omera Petroleum Ltd, Omera Cylinders Ltd and Omera Fuels Ltd.

He is the president of Bangladesh Energy Companies Association and a member of advisory council of the government on power, energy and mineral resources.

He is also the president of Bangladesh Ocean Going Ship Owner's Association and a director of the Central Depository Bangladesh Ltd.



Exporters oppose new tax move

FROM PAGE B1

The association also expressed its disappointment as there were no specific guidelines and ways to increase investments in the proposed budget on monetary policy for export-oriented industries.

The EAB, however, praised the government for proposing a Tk 4,500 crore incentive package for exporters, the continuation of concession on imports of capital machinery and duty-free imports of firefighting equipment and pre-fabricated building materials and for significant allocation for skilled human resource development.

BPC profits to treble this year

FROM PAGE B1

"On final count, the amounts may become bigger," said a finance ministry official.

For instance, it was projected in last fiscal year that Petrobangla would count profit of Tk 815 crore but the amount turned out to be Tk 1,109 crore in the end.

On the other hand, 11 state-owned enterprises are projected to suffer massive losses in fiscal 2015-16, led by the Bangladesh Power Development Board.

BPDB's losses this year are estimated to be Tk 6,233 crore, down from last fiscal year's Tk 7,276 crore.

BPDB has been a loss-making concern since fiscal 2007-08, according to

statistics.

"BPDB suffers losses as it sells electricity to consumers at a price lower than the one it purchases at," said the official.

And in recent times, it has been purchasing power from quick rental power plants at a much higher rate, he added.

But for this, the finance division has been giving a large amount of subsidy every year.

In recent times, BPDB's losses are getting smaller on the back of the decline in fuel prices in the international market.

This fiscal year, Tk 8,000 crore was allocated for subsidy but it was slashed by Tk 2,000 crore in the revised budget.

New measures to cut hassles of businesses

FROM PAGE B1

Businesses would still need to fill in the price declaration forms with the VAT authority.

If irregularities are detected during declaration, the VAT commissioners will have the authority to take necessary corrective measures against the businesses.

Another feature of the new VAT law is single registration for a single business entity or its group of entities.

At present, firms, especially those having outlets, need to get separate registrations from field offices of VAT for every unit they have in operation.

From fiscal 2016-17, a single registration would suffice. "This will also help business reduce the cost of compliance," PwC said.

But businesses will have to maintain proper books of accounts in a single premise.

"Such amendment may allow a group of companies under single ownership to claim input tax credit and utilise such credit across group entities," PwC said.

The move has also curtailed the discretionary powers of VAT officials.

Under the existing law, revenue officials can disallow input-tax credit taken by firms. Businesses can appeal against it only to senior officials and their decisions stand final.

From next fiscal year, VAT officials will have to hold a hearing for firms before cancelling or adjusting the input tax credit. "Such a move would

also reduce the hassles for businesses," PwC said.

On direct or income tax, Sushmita Basu, tax and regulatory services director at PwC Bangladesh, said tax measures have been taken in a way that facilitates tax base expansion and improve compliance.

There is stringent compliance requirement in the budget, she said, citing provisions that individuals who have gross wealth of upwards of Tk 20 lakh at the end of the year will have to give statements on assets and liabilities.

Persons owning cars or having investments in housing property or apartments in city corporation areas will also have to submit the statements.

For companies, expenditure on

salaries will be disallowed if employees do not obtain electronically generated 12-digit taxpayer identification number, said PwC.

Also, the applicable tax deducted at source rate will rise by 50 percent in most cases where the payee does not have an e-TIN, said PwC.

Basu said focus has also been given to monitoring whether source tax is being properly deducted and deposited to the state coffers.

Mamun Rashid, managing partner of PwC Bangladesh, said they reported the tax authority that an actual amount of source tax was not being deposited.

Basu also said the corporate tax rate cut to 20 percent from 35 percent for the garment sector will encourage foreign investment.